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July 10, 2000

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Room No. TW-B204  
Washington, DC 20554

Re: **Notice of Ex Parte Presentation**  
**2000 Annual Access Tariff Filings, CC Docket No. 00-122**

On July 7, 2000, David Hostetter, Leslie Vaughn-Smith, Sandy Douglas and myself from SBC Telecommunications Inc., met with Tamara Preiss, Deputy Chief of the Competitive Pricing Division, Judy Nitsche, Chief of the Tariff Review Branch, and other members of the Competitive Pricing Division to discuss SBC's position in the above referenced docket. SBC's reply comments filed on June 27, 2000, and the attached material was used for purposes of the discussion.

In the course of the discussion, SBC made the following additional argument in support of the manner in which it removed universal service contributions from interstate access. Since the removal of universal service contributions from interstate access is part of what is counted towards the \$2.1 billion reduction under Section 61.48 (l) of the Commission's Rules, it is reasonable to conclude that petitioners must have contemplated that there could be discretionary adjustments to the Average Traffic Sensitive (ATS) rates when following the price cap rules in SBC's annual filings.

Pursuant to Section 1.1206(b)(1) of the Commission's rules, an original and one copy of this letter and attachment are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony M. Alessi".

No. of Copies rec'd 016  
List A B C D E

CC: Judy Nitsche  
Tamara Preiss  
Steve Funkhouser  
Carol Canteen  
Raj Kannan  
Richard Kwiatkowski  
Douglas Galbi  
Aaron Goldschmidt  
Paula Cech  
Joi Nolen

**SOUTHWESTERN BELL TELEPHONE COMPANY**  
**USF End User Charge**

Figure 20-1

			AS FILED	If use Line 1 to calc liability	Based on total lines	Based on total lines
Line		Source	USF PAYMENT	USF PAYMENT	USF PAYMENT	USF PAYMENT
1	Jan-Dec, 1999 End User Revenues	Form 499-A, filed March 24, 2000 Letter to NECA , Line 420(d)+420(e)	\$ 1,255,185,113	\$ 1,255,185,113	\$ 1,255,185,113	\$ 1,255,185,113
2	Jan-June, 1999 End User Revenues	Trans No. 744	\$ 619,037,400	\$ -	\$ -	\$ -
3	July-Dec, 1999 End User Revenues	(L1 - L2)	\$ 636,147,713	\$ -	\$ -	\$ -
4	3rd Quarter 2000 Contribution Factor	Note 1	0.055360	0.055360	0.055360	0.055360
5	Annual USF Liability to be recovered via end user charge	(L3 / 2 * L4 * 4)	\$ 70,434,275	\$ 69,487,048	\$ 69,487,048	\$ 69,487,048
PICC Line Counts (1999 Base Period) less resold lines					include resold	include resold & Lifeline
6	Primary Residential & Single Line Bus		102,927,878	102,927,878	105,847,619	108,819,143
7	Nonprimary Residential & BRI ISDN		22,795,434	22,795,434	23,061,162	23,061,162
8	Multiline Business & PRI ISDN		51,939,719	51,939,719	51,977,436	51,977,436
9	Centrex Lines >9 Lines		1,049,424	1,049,424	1,049,424	1,049,424
10	Centrex Systems with <9 Lines		75,731	75,731	75,731	75,731
11	TOTAL LINES	Sum L6 thru L10	178,788,186	178,788,186	182,011,372	184,982,896
12	USF Per Line	(L5 / L11)	\$ 0.39	\$ 0.39	\$ 0.38	\$ 0.38

Note 1: Public Notice, DA 00-12-69, released June 9, 2000.

## SWBT - Total Company Base Period Demand

TRP Data PICC	1997 Base Period PICC	1998 Base Period PICC	% Change	1999 Base Period PICC	% Change	Resold Lines	Lines for USF EU Charge
Primary Residence Single Line Business				101,700,106 4,147,513			
Primary Res & SLB	103,928,548	106,784,357	2.75%	105,847,619	-0.88%	2,919,741	102,927,878
Nonprimary Residence (must = EUCL) BRI ISDN				21,739,164 1,321,998			
NonPri Res & BRI ISDN	20,970,712	21,672,285	3.35%	23,061,162	6.41%	265,728	22,795,434
PRI ISDN MLB				296,805 51,680,631			
Multiline Bus & PRI	43,630,941	47,245,915	8.29%	51,977,436	10.01%	37,717	51,939,719
Centrex >9 Lines	8,138,362	8,996,031	10.54%	9,444,816	4.99%	-	1,049,424
Centrex <9 Lines (=EUCL)	309,216	334,827	8.28%	419,234	25.21%	-	75,731
Life Line (must = EUCL)	2,435,121	2,626,876	7.87%	2,971,524	13.12%	-	-
Total PICC Access Lines	179,412,900	187,660,291	4.60%	193,721,791	3.23%	3,223,186	178,788,186
BRI End User Ports				1,321,998			
PRI End User Ports				59,361			

Note: The corporate forecast for growth was Res & SLB .8% (.008), Nonpri & BRI 7.5% and MLB 1.0%. Reality is close.

1,049,424	DIVIDED LINES BY 9
75,731	USE SYSTEMS NOT LINES

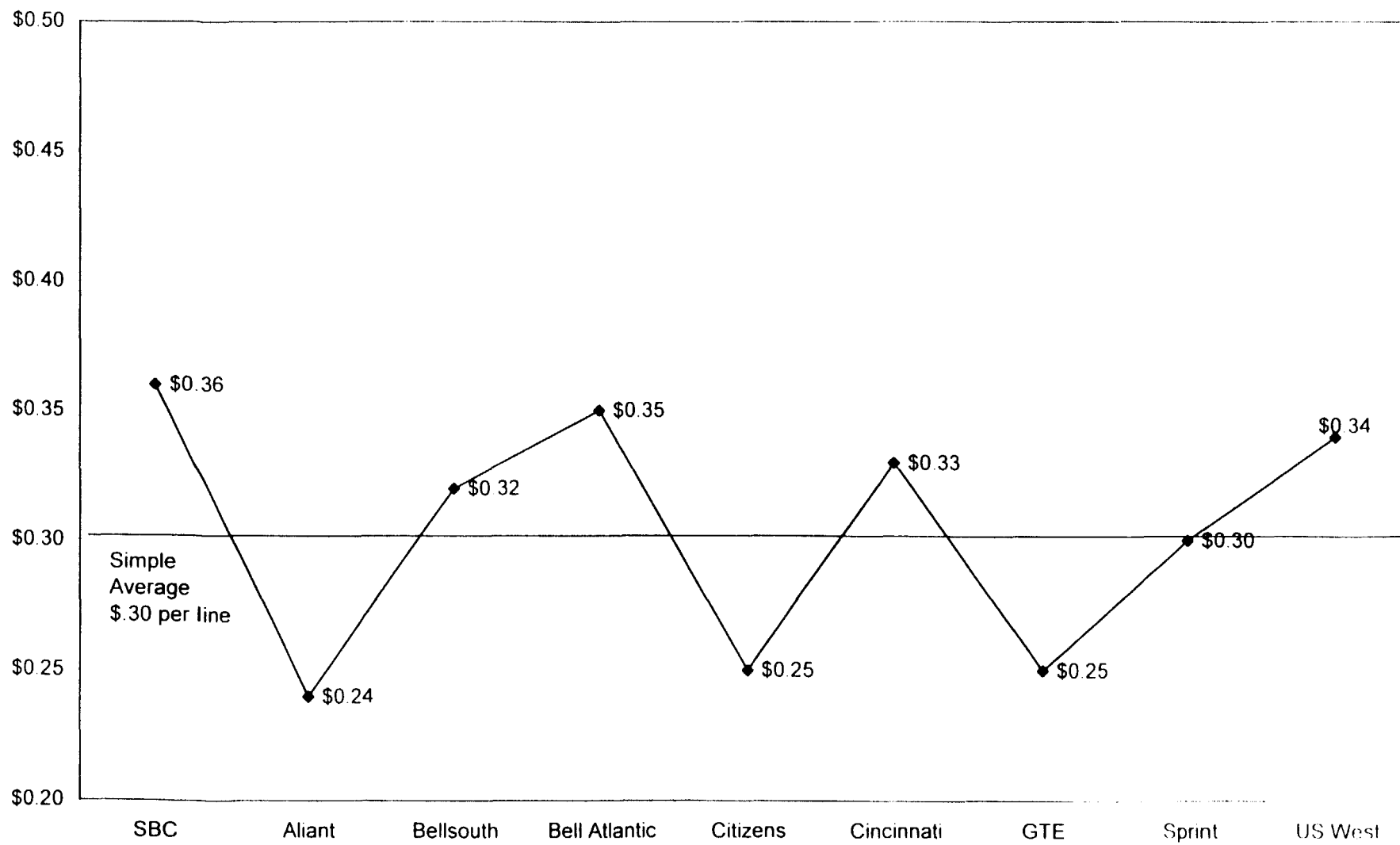
**PACIFIC BELL - Base Period**

TRP DATA PICC	1997 Base Period PICC	1998 Base Period PICC	% Change	1999 Base Period PICC	% Change	Resold Lines	Lines for USF EU Charge
Primary Res				73,422,690			
Single Line Bus				<u>4,098,092</u>			
Total Pri Res & SLB	74,220,151	72,415,754	-2.43%	77,520,782	7.05%	861,911	76,658,870
Nonprimary Res				30,934,685			
BRI ISDN				<u>2,519,213</u>			
Total Nonpri & BRI	27,495,353	32,077,982	16.67%	33,453,898	4.29%	219511	33,234,387
Multiline Bus				52,911,182			
PRI ISDN				<u>1,051,160</u>			
Total MLB & PRI	49,571,382	54,931,855	10.81%	53,962,342	-1.76%	604,239	53,358,103
Centrex >9 Lines	18696486	19,384,172	3.68%	20,217,986	4.30%	-	1,819,619 <b>DIVIDED LINES BY 9</b>
Centrex <9 Lines	2971202	3,224,928	8.54%	4,885,737	51.50%	-	318,030 <b>USE SYSTEMS NOT LINES</b>
Lifeline	28,111,376	29,637,518	5.43%	31,277,435	5.53%	-	
Total PICC Access Lines	201,065,950	211,672,209	5.28%	221,318,179	4.56%	1,685,661	165,389,009
BRI Port				2,519,213			
PRI Port				210,232			

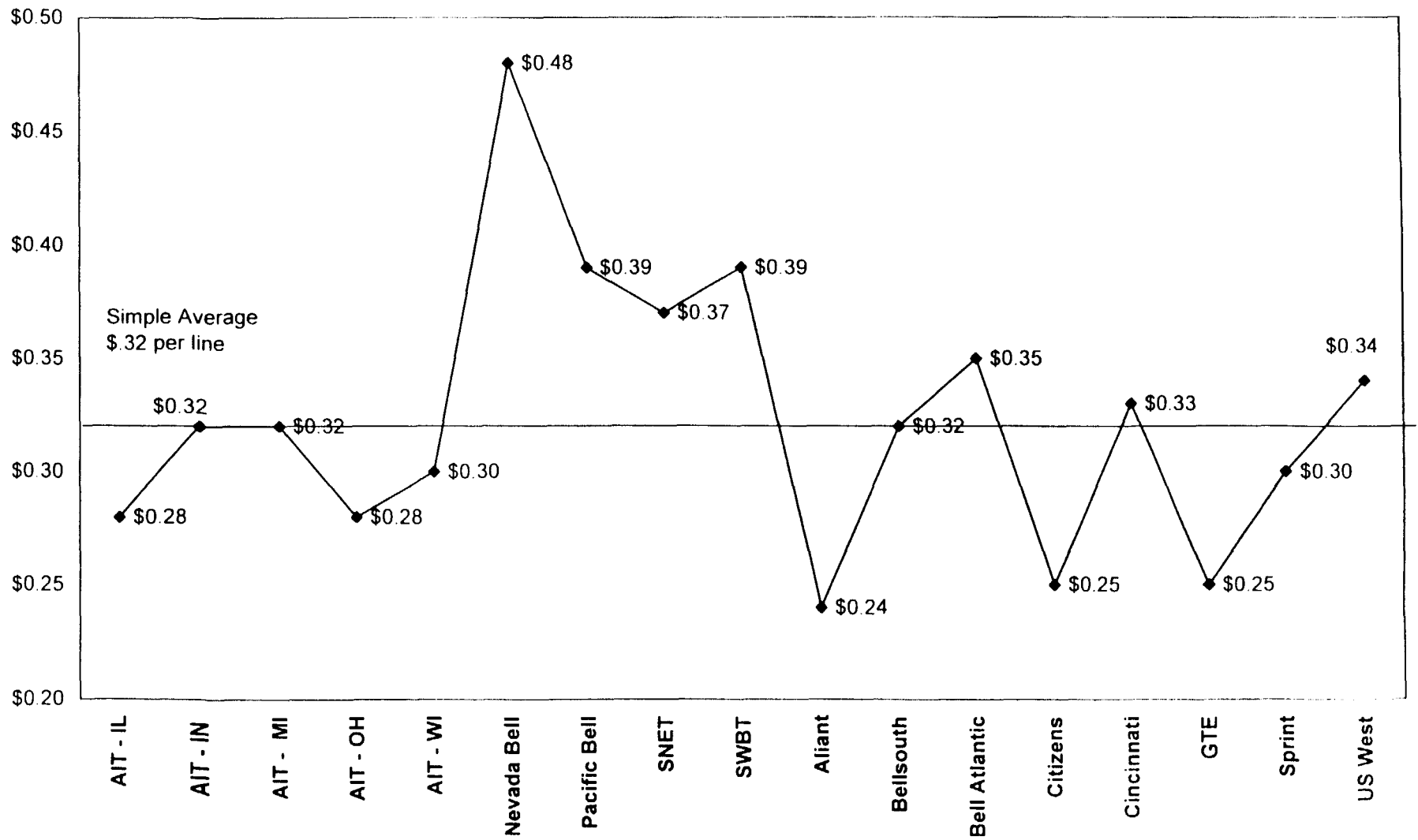
# NEVADA BELL - Base Period

TRP DATA PICC	1997 Base Period PICC	1998 Base Period PICC	% Change	1999 Base Period PICC	% Change	Resold Lines	Lines for USF EU Charge
Primary Res				2,121,198			
Single Line Bus				<u>104,579</u>			
Total Pri Res & SLB	2,071,373	2,244,053	8.34%	2,225,777	-0.81%	574	2,225,203
Nonprimary Res				511,562			
BRI ISDN				<u>36,049</u>			
Total Nonpri & BRI	410,574	442,663	7.82%	547,611	23.71%	851	546,760
Multiline Bus				696,882			
PRI ISDN				<u>4,850</u>			
Total MLB & PRI	745,538	763,031	2.35%	701,732	-8.03%	1,514	700,218
Centrex >9 Lines	531631	528,922	-0.51%	509,450	-3.68%	-	5,606 DIVIDED LINES BY 9
Centrex <9 Lines	4601	4,794	4.19%	9,609	100.44%	-	3,154 USE SYSTEMS NOT LINES
Lifeline	62,964	64,315	2.15%	80,304	24.86%	-	
Total PICC Access Lines	3,826,681	4,047,778	5.78%	4,074,483	0.66%	2,939	3,480,941
BRI Port				36,049			
PRI Port				970			

SBC Holding Company Average USF Per Line



SBC Companies' Filed USF Per Line



## **Issue: Ameritech Sale of Exchange Reversal**

- No rules violation occurred
- Removal in USF portion of filing ensures correct starting point
- Impact of reversing in annual filing portion of filing is de minimus
  - Multiline Business PICC would increase approx. 8.5 cents
  - ATS revenue would not be impacted
  - Special Access revenue impact would be negligible



## **Issue: SWBT Low End Adjustment Reversal**

- No rules violation occurred
- Removal in USF portion of filing ensures correct starting point for indices and CMT per line
- Impact of reversing in annual filing portion of filing would require:
  - Review and changes to CMT per line and USAC receipts
  - Review and changes to \$2.1B industry reductions